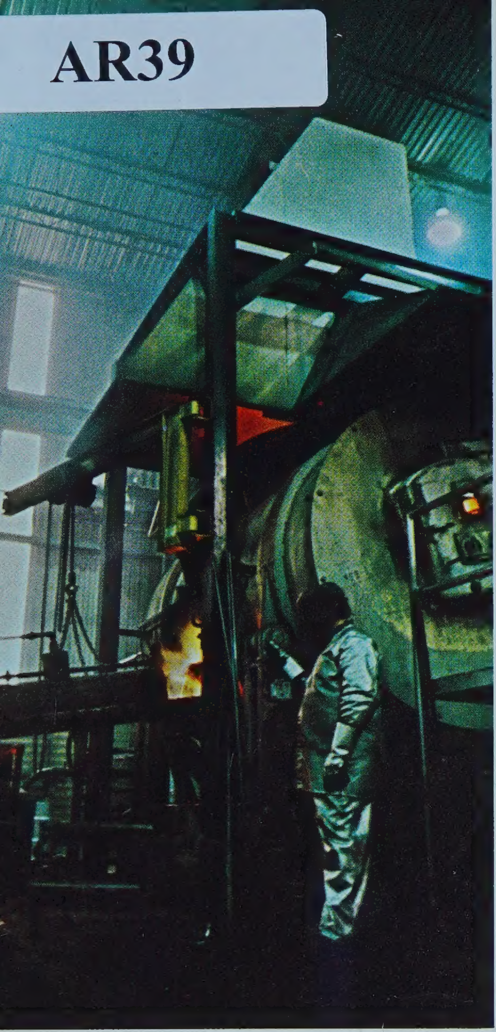
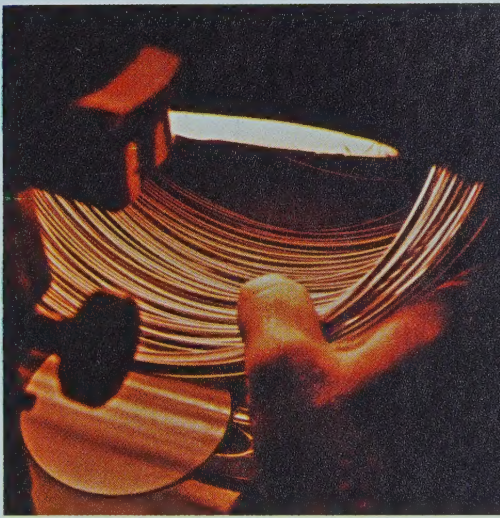


HANDY & HARMAN

ANNUAL REPORT 1971



many
talents...

in many
metals...

for many
markets...

HANDY & HARMAN 1971 ANNUAL REPORT TO SHAREHOLDERS

The Annual Meeting of the Shareholders of Handy & Harman will be held on April 25, 1972 at the Morgan Guaranty Hall, 15 Broad Street, 28th Floor, New York City at 11:00 a.m.

TO OUR SHAREHOLDERS

■ The year 1971 was the most frustrating and disappointing one in my memory. Obviously there were many reasons for making it such a year, most of which are either behind us or are being corrected, and this augurs well for Handy & Harman in 1972.

■ First, and most important, the expected pick up in business simply failed to materialize in most areas of the economy which we serve. The industrial production index for 1971 as issued by the Federal Reserve Board actually was lower than in 1970, although the recent trend has been moderately upward, and higher numbers this year are being predicted. The production index measures, among other factors, the output of a broad cross section of industries using many of our products, and we shall benefit from any increase in the output of those industries. In fact, there has been some improvement during recent weeks in our order receipts for most major product lines.

■ A second event affecting our 1971 results was a nation-wide strike, starting July 1st, at all major non-ferrous metal refineries. In the refining part of our business some of the materials we handle are processed through all stages of recovery, including the final separation of the metals involved, but others for economic reasons are processed only to the point of accurate determination of contents and then sent to outside refineries for final separation of the metals. These were the refineries which were shut down by the strike. Thus for a period of almost two months very substantial quantities of precious metals were tied up, and we were forced to send material to refineries in England, Belgium and West Germany at higher shipping costs and at increased interest expense because of lengthened recovery cycles. The domestic refineries have negotiated three year labor contracts so there won't be repetition of these events in 1972.

■ A third significant factor affecting 1971 consisted of start-up costs at the new Attleboro refinery. As we have emphasized in previous reports, this installation represents the latest and most efficient design in silver and gold electrolytic recovery processes. The silver part of the refinery has been operating smoothly for some time, but there have been technical problems in the gold operations. Solutions are being implemented, and we are making solid progress in reaching our output goals.

■ This refinery is a new process for us, and accordingly it has involved a learning cycle considerably longer than we had originally hoped and one which is not yet fully completed. Although contribution to profits in 1972 will probably not reach full potential, nevertheless we regard the start-up costs involved as representing an investment in a most significant addition to future earnings prospects. Furthermore, if past history is any guide, the recent rise in the price of gold to historic high levels could well in time increase available refining business because of the added price incentive. If so we shall see even more profit opportunities for the Attleboro installation.

■ In spite of generally sluggish economic conditions, some areas of our business did well in 1971. The Pennsylvania Wire Rope subsidiary in Williamsport had an excellent year, particularly in products for the automotive industry. Sales opportunities exceeded production capacity, and in December we started production at a new $1,000,000 plant in Martinsburg, West Virginia. Also sales of sterling silver products to silverware manufacturers were substantially ahead of the previous year,

both in the United States and Canada, and karat gold sales to jewelry manufacturers continued the upward trend of the past several years, setting new records in 1971.

■ The imposition of wage and price controls has injected another element of uncertainty in an uncertain economy. We have obtained permission from the Price Commission to make increases within an overall percentage limitation and have been implementing price adjustments wherever practicable. During the past year, however, keen competition in many major markets has been a more severe limitation than price ceilings. In the area of wages and salaries, Handy & Harman has for many years had well established plans, and in our opinion we shall be able to continue to operate within these plans.

■ Like all companies we have been more and more faced with the need to make substantial capital investments in areas which are essentially non-productive. One such area is pollution control, and we take seriously our corporate responsibility to be a good neighbor in the communities in which we operate. The major requirements for pollution control systems have been met at all of our manufacturing and refining facilities over the past several years. As a result we are not now faced with the need for large capital outlays in this area. Nonetheless compliance with regulations and maintenance of equipment and systems will be an ever growing expense of doing business.

■ Another area requiring large non-productive expenditure is that of security. The very rapid rate of increase in organized theft throughout the nation has been particularly evident in the precious metals industry. Not only has this created the need to spend more money on security devices and personnel, but it has resulted in vastly increased insurance premiums.

■ In May, 1971 we engaged the services of a security consultant, Mr. T. L. Weber, a nationally known expert in industrial security systems and devices. Under Mr. Weber's direction we have installed the latest in security equipment at all precious metal plants and have brought about important improvement in our control systems. While there is no way to get 100% protection against all possible types of thievery, we do feel confident that much has been accomplished in reducing potential risk. Constant vigilance is now required.

■ On August 12, 1971 we acquired Wire Form, Inc., located in Milldale, Connecticut. Wire Form, which has annual sales of about $1,000,000, manufactures small metal parts involving four-slide and precision stamping operations. It represents another step in our long range plans for growth in metal products involving a high degree of technical skills and value added.

■ During the closing weeks of 1971 we announced a number of important changes in our organization. Our expansion in recent years has brought about the need for independent structuring of our precious and non-precious metal operations. Accordingly, George J. Peer and Theodore W. Atkinson were appointed to newly created Group Vice President posts for those respective operations. At the same time Philip G. Deuchler, who had been Plant Manager of the Attleboro Refining Division, was designated Vice President-Marketing. Further, on October 25, 1971, Richard N. Daniel was elected Vice President and Controller. Mr. Daniel came to Handy & Harman after a number of years with Mobil Oil Corporation and Laird Enterprises, Inc. In addition to his duties as controller, he will be responsible for corporate planning and development and will participate in the company's merger and acquisition program.

■ Through more effective management organization we are bringing about a number of improvements, both as respects directing current activities and planning future opportunities. More formal systems have been introduced defining authority limitations and providing for detailed economic justification and follow-up for capital expenditures. Better reporting systems are being set up at all the divisions

and subsidiaries which will permit more precise planning of corporate cash requirements and will provide closer control over progress in meeting operating and profit objectives.

■ On May 27, 1971, Judson C. Travis resigned from the Board of Directors for reasons of health. Mr. Travis had spent 53 years with Handy & Harman. He served as President from 1953 to 1964, and as Chairman from 1964 to 1967. We accept his resignation with regret and with deep appreciation of his outstanding contribution to our affairs for so many years.

■ At the start of last year our budget projections depended importantly on two assumptions; first that business would improve as was then being widely predicted, and second that the Attleboro refinery would become fully operative. We were disappointed as to timing in both instances last year, but both are still valid. Nevertheless, even if there should not be any continuing improvement in the general economy we believe that our own results for 1972 will show important gains.

M. W. Townsend

M. W. TOWNSEND
Chairman of the Board and President

March 16, 1972

FIVE YEAR SUMMARY OF STATISTICAL HIGHLIGHTS

(dollars in thousands—except per share figures)

	1971	1970	1969	1968	1967
Net Sales	$171,973	$161,229	$214,281	$207,475	$190,017
Income before extraordinary items	$ 1,262	2,855	4,799	4,431	3,883
Extraordinary items	$ 216	(6)	(828)	—	(132)
Net income	$ 1,478	2,849	3,971	4,431	3,751
Working capital	$ 27,114	18,568	21,846	22,674	12,944
Property, plant & equipment—net	$ 23,162	22,375	19,042	16,209	13,473
Total assets	$103,337	97,196	94,700	95,228	85,092
Shareholders' equity	$ 31,333	31,956	31,398	29,123	26,953
Average shares outstanding (nearest thousand)	2,334	2,359	2,356	2,372	2,362
Dividends paid	$ 1,678	1,707	1,497	1,370	1,264
Per share of common stock:					
Income before extraordinary items	$ .54	1.21	2.04	1.87	1.64
Extraordinary items	$ .09	—	(.35)	—	(.05)
Net income	$ .63	1.21	1.69	1.87	1.59
Dividends paid	$ .72	.72	.66	.60	.60
Number of shareholders	2,751	2,840	2,758	2,821	2,987
Number of employees	2,035	2,000	2,100	2,400	2,000

Amounts shown have been restated to give retroactive effect of poolings of interests transactions.

MANY TALENTS...

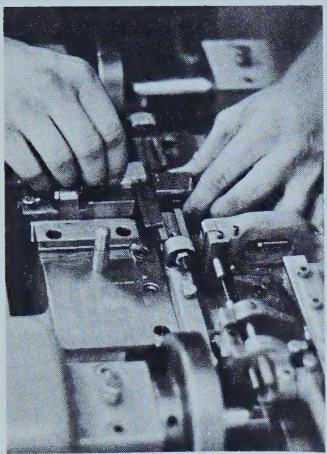
Handy & Harman is a family of specialty metal manufacturing companies, each with specialized skills. These skills are reflected in many critical production operations–from direct chill casting of 12-foot-long, thousand pound silver bars to the forming of precision electronic components so tiny you could hold hundreds in your hand. They're reflected in such techniques as direct atomization of molten metals to create alloy powders, hot roll bonding to produce clad metal "sandwiches," and sophisticated electrolytic refining of precious metals. And they're backed by similar skills in management, marketing, research, plant security, quality control, maintenance, transport and office operations.

MANY METALS...

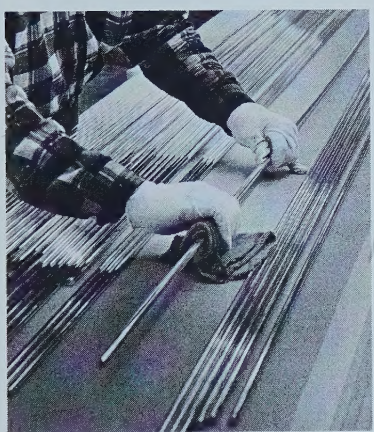
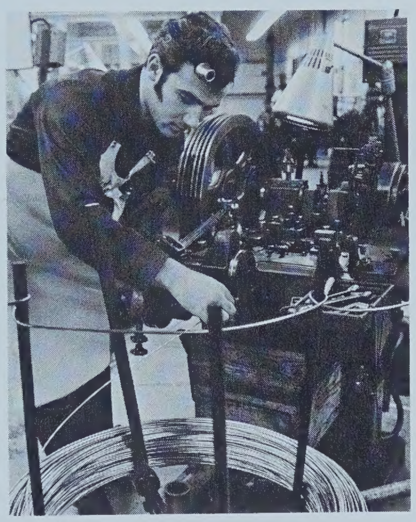
The very materials with which the Handy & Harman companies now work are a dramatic indication of the changes that have taken place in the past decade. While still based principally on the gold and silver that played the dominating role in its over-a-century history, Handy & Harman now makes many thousands of products from non-precious metals. Among the nearly four dozen metals used are stainless steel, nickel, chromium, monel, OFHC copper, inconel, tungsten, molybdenum, kovar . . . Our mills still roll out long lengths of mirror-bright metal sheet —but the sheet is as likely to be stainless steel for specialized industrial conveyor belts as sterling silver for high quality tableware.

MANY MARKETS...

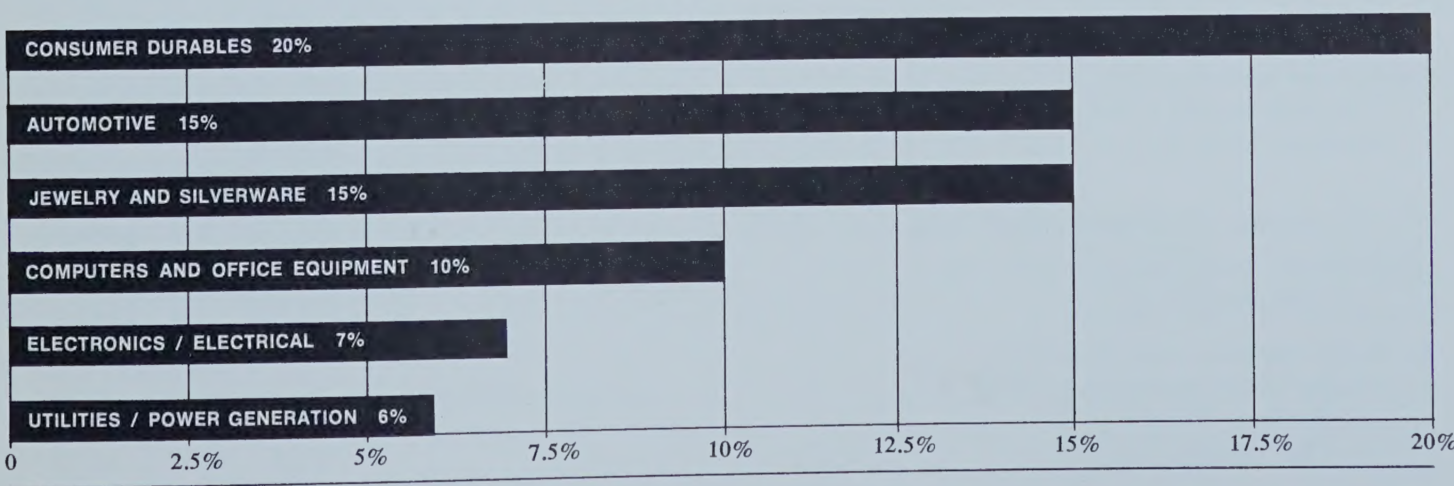
With added diversity of skills and materials has come, naturally, entry into new markets. Handy & Harman metals and components are found in such familiar products as refrigerators, air conditioners and automobiles–and in such exotic products as nuclear generators, missile guidance systems and space capsules. Most significant for the company's future, however, is the nature of the industries it serves. About three-fourths of the company's activity derives from six industry groups, almost all of them notable as growth industries. The chart at the right shows the approximate percentage each of these markets contributes.





THE PRINCIPAL MARKETS FOR HANDY & HARMAN PRODUCTS



FINANCIAL STATEMENTS / HANDY & HARMAN AND SUBSIDIARIES

REPORT OF INDEPENDENT ACCOUNTANTS

HURDMAN AND CRANSTOUN,
PENNEY & CO.
Certified Public Accountants

140 Broadway
New York, N.Y. 10005

To the Directors and Shareholders of Handy & Harman

We have examined the consolidated balance sheet of Handy & Harman and subsidiaries as of December 31, 1971 and 1970 and the related consolidated statements of income, shareholders' equity, and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements identified above present fairly the financial position of Handy & Harman and subsidiaries consolidated at December 31, 1971 and 1970 and the results of their consolidated operations and changes in shareholders' equity and financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

February 21, 1972

Hurdman and Cranstoun, Penney & Co
Certified Public Accountants

CONSOLIDATED STATEMENT OF INCOME

	Year Ended December 31, 1971	1970
Sales of products and service revenues	$171,973,210	$161,228,764
Cost of products and services	155,686,740	142,161,620
Gross profit	16,286,470	19,067,144
Selling, general, and administrative expense	10,001,680	9,575,378
	6,284,790	9,491,766
Other deductions (income):		
Interest on loans	4,064,613	3,692,658
Gain on sale of property, plant and equipment (net)	(201,801)	(1,195)
Other (net)	(75,580)	(53,696)
	3,787,232	3,637,767
	2,497,558	5,853,999
Provision for taxes on income:		
Currently payable (Note 10)	825,000	2,102,000
Deferred (Note 3)	410,000	897,000
	1,235,000	2,999,000
Income before extraordinary items	1,262,558	2,854,999
Extraordinary credit (charge) (Note 11)	215,811	(6,377)
Net income	$ 1,478,369	$ 2,848,622
Per share of common stock (Note 12):		
Income before extraordinary items	$.54	$1.21
Extraordinary items	.09	—
Net income	$.63	$1.21

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET

Assets

	December 31, 1971	December 31, 1970
Current assets:		
Cash	$ 6,800,272	$12,015,496
Notes and accounts receivable (less allowance for doubtful: 1971, $211,590; 1970, $293,955)	22,188,929	22,211,490
Income taxes refundable	643,373	497,607
Inventories–at cost (Note 2)	47,338,873	36,655,837
Prepaid expenses and deposits	558,608	907,308
Deferred income tax benefit (Note 3)	307,183	359,400
Total current assets	77,837,238	72,647,138
Investments in and advances to 50%-owned companies–at cost (Note 4)	1,504,645	1,505,651
Property, plant, and equipment–at cost (Note 5)	38,481,332	36,389,258
Less accumulated depreciation and amortization	15,319,605	14,013,872
	23,161,727	22,375,386
Deferred charges	612,319	433,044
Other assets	221,351	234,442
	$103,337,280	$97,195,661

Liabilities and Shareholders' Equity

	December 31, 1971	December 31, 1970
Current liabilities:		
Notes payable	$ 42,591,089	$46,969,301
Current maturities of long-term debt (Note 6)	146,892	146,001
Accounts payable	5,021,076	4,527,656
Accrued liabilities:		
Payroll, smelters' charges, and other expenses	2,105,937	1,163,380
United States and Canadian taxes on income	379,831	568,102
Other taxes	478,402	704,683
Total current liabilities	50,723,227	54,079,123
Long-term debt, less instalments due within one year (Note 6)	20,997,466	10,993,892
Deferred income taxes (Note 3)	283,983	166,200
Commitments and contingent liabilities (Note 7)		
Shareholders' equity:		
Common stock–3,000,000 shares of par value $1 authorized; issued 2,395,729 shares (Note 8)	2,395,729	2,395,729
Capital surplus	4,979,037	4,979,037
Retained earnings (Note 6)	25,513,868	25,713,690
	32,888,634	33,088,456
Deduct treasury stock:		
1970, 50,008 shares; 1971, 72,808 shares–at cost	1,556,030	1,132,010
Total shareholders' equity	31,332,604	31,956,446
	$103,337,280	$97,195,661

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Years Ended December 31, 1970 and 1971

	Par Value $1 Common Stock	Capital Surplus	Retained Earnings	Treasury Stock Shares	Treasury Stock Cost	Total Shareholders' Equity
Balance, January 1, 1970:						
As previously reported	$2,162,729	$4,621,651	$23,006,606	21,908	($ 549,448)	$29,241,538
Add amounts applicable to companies acquired in poolings of interests:						
1970	200,000	355,386	1,248,979			1,804,365
1971	33,000	2,000	316,610			351,610
As restated	2,395,729	4,979,037	24,572,195	21,908	(549,448)	31,397,513
Net income			2,848,622			2,848,622
Cash dividends on common stock–$.72 per share			(1,638,877)			(1,638,877)
Dividends paid by pooled company prior to pooling			(68,250)			(68,250)
Common stock purchased for treasury				28,100	(582,562)	(582,562)
Balance, December 31, 1970	2,395,729	4,979,037	25,713,690	50,008	(1,132,010)	31,956,446
Net income			1,478,369			1,478,369
Cash dividends on common stock–$.72 per share			(1,669,191)			(1,669,191)
Dividend paid by pooled company prior to pooling			(9,000)			(9,000)
Common stock purchased for treasury				22,800	(424,020)	(424,020)
Balance, December 31, 1971	$2,395,729	$4,979,037	$25,513,868	72,808	($1,556,030)	$31,332,604

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year Ended December 31, 1971	1970
Working capital, January 1	$18,568,015	$21,845,999
Sources:		
Operations:		
Income before extraordinary items	1,262,558	2,854,999
Items entering into determination of the above which did not use working capital:		
Depreciation and amortization	1,998,031	1,804,816
Increase in noncurrent deferred taxes	117,783	166,200
Working capital provided from operations exclusive of extraordinary items	3,378,372	4,826,015
Extraordinary items	215,811	(6,377)
Extraordinary items which did not use working capital:		
Provision for loss on Canadian subsidiary		225,277
Working capital provided from operations	3,594,183	5,044,915
Disposals of property, plant, and equipment	448,045	37,962
Cash surrender value of life insurance received	27,325	100,500
Long-term financing	10,180,000	
Other	2,943	31,955
	14,252,496	5,215,332
Uses:		
Property, plant, and equipment acquired	3,163,910	5,238,038
Reduction in long-term debt	176,426	147,758
Cash dividends paid	1,678,191	1,707,127
Purchase of treasury stock	424,020	582,562
Investments	40,898	668,927
Additions to deferred charges	182,020	124,092
Other	41,035	24,812
	5,706,500	8,493,316
Increase (decrease) in working capital	8,545,996	(3,277,984)
Working capital, December 31	$27,114,011	$18,568,015
Changes in components of working capital:		
Cash	($5,215,224)	$ 6,394,263
Receivables	123,205	(1,139,340)
Inventories	10,683,036	(5,496,799)
Deferred tax benefit	(52,217)	(809,100)
Other current assets	(348,700)	(310,211)
Increase (decrease) in current assets	5,190,100	(1,361,187)
Notes payable	(4,378,212)	4,909,458
Accrued liabilities	528,005	(2,674,278)
Other current liabilities	494,311	(318,383)
Increase (decrease) in current liabilities	(3,355,896)	1,916,797
Increase (decrease) in working capital	$8,545,996	($3,277,984)

The accompanying notes are an integral part of the financial statements.

1—Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned (1970 includes a majority owned subsidiary). The accounts of the Canadian subsidiaries were translated at appropriate rates of exchange. Translation gains were not material. All significant intercompany items have been eliminated.

During 1971 the business and assets of Wire Form, Incorporated were acquired in exchange for 33,000 shares of the Company's unissued common stock. This transaction has been accounted for as a pooling of interests and, accordingly, the financial statements for 1970 have been restated retroactively. Sales and net income of the pooled company were not material in 1971 and 1970.

Former shareholders of companies acquired in poolings of interests transactions have warranted and represented that they will reimburse the Company for any undisclosed liabilities. At December 31, 1971, 26,000 shares of the Company's common stock were held in escrow to secure such warranties and representations.

2—Inventories

	December 31, 1971	December 31, 1970
Precious metals and precious metal content of alloys and of products in various stages of manufacture	$38,048,874	$27,918,215
Base metals, factory supplies, and raw material	5,648,288	5,244,266
Domestic subsidiaries:		
Finished goods	1,810,893	1,815,472
Work in process	1,830,818	1,677,884
	$47,338,873	$36,655,837

Precious metal inventories in the amount of $37,134,919 at December 31, 1971 and $27,060,407 at December 31, 1970 are stated at cost as determined under the last-in, first-out method. The value of such inventories, principally silver and gold, based on market quotations at these dates ($ per ounce–silver $1.38 in 1971 and $1.635 in 1970; gold $43.85 in 1971 and $37.65 in 1970) was $9,804,834 and $10,900,520, respectively, in excess of stated value. Other inventories are stated at cost (principally average) or market, whichever is lower.

As a result of the decreased demand for fabricated metal products which prevailed throughout 1970 and the existing economic climate, the quantities of inventories valued under the LIFO method were reduced during 1970. In addition, a provision was made in 1970 for loss on future purchase contracts for the delivery of silver in 1971 at prices in excess of current market quotations. The net effect of the foregoing was an increase in net income for 1970 of approximately $1,404,000, equal to $.60 per share of common stock. The quantities of inventories valued under the LIFO method at December 31, 1971 exceeded or were equal to the quantities on hand at the beginning of the year and, as a consequence, net income for 1971 was not affected.

In addition to recorded inventories, the company regularly has in its possession precious metals held for the account of customers. The value of such precious metals held at December 31, 1971 was approximately $9,943,000 based on market prices at that date.

3—Deferred income taxes

Deferred Federal income taxes reflect the effect of timing differences in reporting transactions for financial statements and for tax purposes.

4—50%-owned companies

Investments in and advances to 50%-owned companies are stated at cost, which exceeded the Company's equity therein by $1,004,167 at December 31, 1971. In the opinion of management, this excess will not result in any permanent impairment of these investments. Effective January 1, 1972, in compliance with Opinion No. 18 of the AICPA Accounting Principles Board, the Company will account for these investments under the equity method and will retroactively restate prior years' financial statements to recognize the Company's share of the earnings or losses of these 50%-owned companies. If the equity method had been adopted for the years ended December 31, 1971 and 1970, consolidated net income would have been $1,116,076 and $2,669,119, respectively, equal to $.48 and $1.13 per share of common stock.

5—Property, plant, and equipment

Property, plant, and equipment comprised the following:

	December 31, 1971	December 31, 1970
Land	$ 941,397	$ 981,342
Buildings	11,703,489	11,839,498
Machinery and equipment	22,358,458	19,785,840
Furniture and fixtures	1,085,618	1,035,480
Automobiles	453,267	444,690
Improvements to leased property	447,178	405,316
Construction in progress	1,491,925	1,897,092
	$38,481,332	$36,389,258

Depreciation for 1971 and 1970 was $1,929,524 and $1,713,252, respectively, and was computed principally on the straight-line method. Certain of the Company's subsidiaries compute depreciation under accelerated methods.

6–Long-term debt

	December 31, 1971	December 31, 1970
5%-6½% mortgages and chattel mortgages, payable principally by subsidiaries at various maturity dates to 1986	$ 617,008	$ 511,896
Other 5% notes, payable by subsidiaries to 1973	47,350	92,050
5⅝% note, payable by a subsidiary in annual instalments of $40,000 to 1979	320,000	360,000
6½% debentures due 1979, payable by a subsidiary	160,000	160,000
8% note, payable by a subsidiary in instalments to 1972	–	15,947
7⅜% note, payable in annual instalments of $667,000 from 1974 to 1988	10,000,000	10,000,000
9% note, payable in annual instalments of $667,000 from 1977 to 1991	10,000,000	–
	21,144,358	11,139,893
Less instalments due within one year	146,892	146,001
	$20,997,466	$10,993,892

The agreement relating to the 9% note contains certain restrictions on the payment of cash dividends and the acquisition of capital stock of the Company. The amount of consolidated retained earnings available for such purposes at December 31, 1971 was $1,118,825. The agreement further provides, among other things, for the maintenance of minimum working capital of $21,826,216. Consolidated working capital at December 31, 1971 was $27,114,011.

7–Commitments and contingent liabilities

a–On June 15, 1970 a suit was commenced in the Superior Court of Fairfield County, Connecticut against the Company and five other corporations and several Connecticut cities and towns by the Connecticut Conservation Association, Inc. and three individuals identified as oystermen or fishermen. The complaint alleges that the defendants are polluting the waters of Long Island Sound and some of its tributaries. The plaintiffs seek a permanent injunction against further destruction of the marshlands and wetlands of the State of Connecticut and against further pollution of the waters and seek damages in the sum of $150,000,000. The case is currently pending, with no trial date set as yet. The Company believes that this action will not materially affect or interfere with its operations, and counsel for the Company believes that the Company can successfully defend this action.

b–The Company is lessee under three leases expiring in 1980, 1981, and 1982 requiring current annual rentals aggregating $212,000. In addition, certain of its subsidiaries are obligated under leases expiring through 1980 at current annual rentals totaling $97,500.

The Company has guaranteed repayment of bank loans of a 50%-owned company in the amount of $300,000.

Commitments at December 31, 1971 for additional plant and equipment were approximately $200,000.

c–On examination of the Company's Federal income tax return for 1966, the Internal Revenue Service proposed tax deficiencies totaling approximately $193,000 relating to the valuation of precious metal inventories. Management believes that its method of valuation used is correct and is in accordance with accepted accounting practice in the industry, and has filed a protest against assertion of the tax deficiency. In the event that the IRS position is upheld, the effect on income for years subsequent to 1966 would not be material.

8–Stock options

At December 31, 1971, 48,500 shares of common stock held in the treasury were reserved for issuance under the Company's 1965 Stock Option Plan. Transactions under the plan during 1970 (there were none in 1971) are summarized below:

	Shares Available for Option	Shares Under Option: Shares	Shares Under Option: Range of Prices
January 1, 1970	38,000	10,500	$25.50–$31.63
Options granted	(38,000)	38,000	$19.68
December 31, 1970 and 1971	–	48,500	$19.68–$31.63

Of the shares under option, 22,900 were exercisable at December 31, 1971, and the balance will become exercisable during the years 1972 to 1974.

9–Retirement plans

The Company and certain of its subsidiaries have non-contributory retirement plans for the benefit of their employees. Charges to operations for the years 1971 and 1970 were $892,675 and $761,348, respectively, which amounts

include amortization of past service cost over a period of approximately 30 years from the inception of the respective plans. The Company's policy is to fund pension costs accrued. At December 31, 1971, the assets of the funds exceeded the present value of vested benefits at that date.

10—Investment tax credits

The 7% job development investment credit related to qualified additions to plant and equipment during 1971 has been recorded as a reduction, $99,963, of the provision for taxes on income.

11—Extraordinary items

During 1971, the Company received the proceeds on a life insurance policy covering the life of a former shareowner of a pooled company. The excess ($215,811) of proceeds over the cash surrender value of the policy has been recognized as an extraordinary credit. The proceeds, $350,000, are not subject to Federal income tax.

Provision was made in 1970 for an estimated loss in the amount of $225,277 ($.09 per share) on the anticipated disposal of Ipsenlab, a small Canadian subsidiary, which had operated at a loss. The sale was consummated in 1971 at no additional loss. The loss on disposition did not result in a tax benefit.

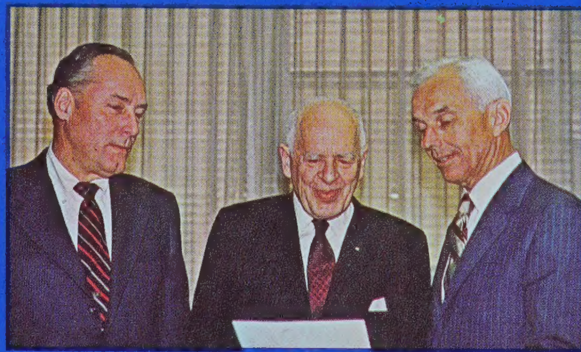
Federal income tax reductions realized in 1970 in the amount of $218,900 ($.09 per share) result from the use of operating loss carryforwards of a subsidiary and are included in the accompanying consolidated statement of income as an extraordinary credit.

12—Income per share of common stock

Per share amounts are based on the weighted average number of shares outstanding during each year, adjusted retroactively to include shares issued in connection with pooling of interests transaction described in Note 1. Outstanding stock options have been excluded from the calculation of income per share as their inclusion would be antidilutive.

Members of the Board of Directors

Mr. Townsend and Mr. Peyton



Mr. Atkinson, Mr. Carret and Mr. Wemple

Dr. Newman, Mr. Zilkha and Mr. Peer

Mr. Grey and Mr. Crewe

Board of Directors

THEODORE W. ATKINSON

PHILIP L. CARRET*

LEONARD C. CREWE, JR.

WILLIAM L. GREY

WILLIAM H. NEWMAN*

GEORGE J. PEER

PAUL L. PEYTON*

M. WILBUR TOWNSEND*

FRANCIS H. WEMPLE

EZRA K. ZILKHA*

*Member of Executive Committee

Officers

M. WILBUR TOWNSEND
Chairman of the Board and President

THEODORE W. ATKINSON
Group Vice President

CHARLES D. COXE
Vice President—Research and Development

RICHARD N. DANIEL
Vice President and Controller

PHILIP G. DEUCHLER
Vice President—Marketing

LEIF C. KRONEN
Secretary and Counsel

GEORGE J. PEER
Group Vice President

FRANCIS H. WEMPLE
Vice President and Treasurer

General Counsel

BREED, ABBOTT & MORGAN

Auditors

HURDMAN AND CRANSTOUN, PENNEY & CO.

Transfer Agent

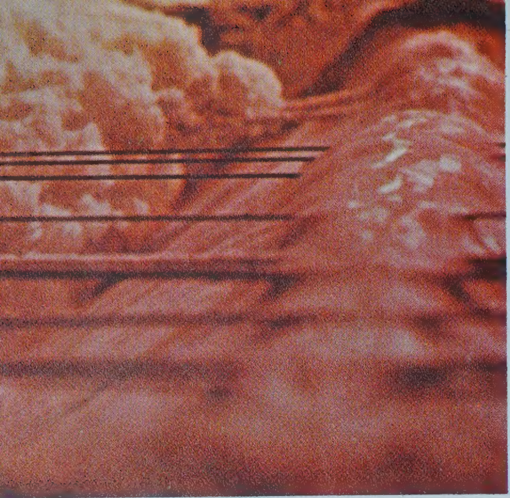
MORGAN GUARANTY TRUST COMPANY OF N. Y.

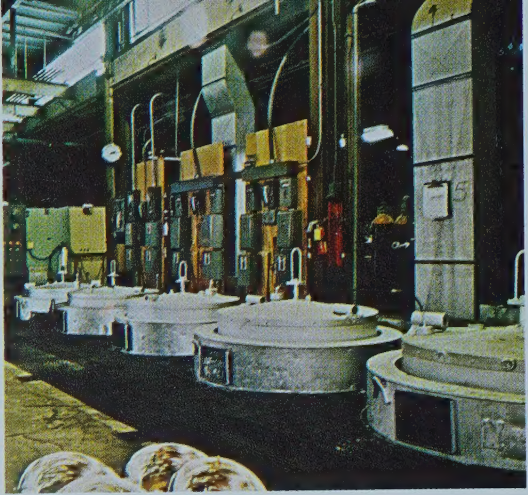
Registrar

THE CHASE MANHATTAN BANK (N.A.)

Stock Listing

NEW YORK STOCK EXCHANGE
TICKER SYMBOL: HNH





HANDY & HARMAN

Executive and General Offices
850 Third Avenue/New York, N.Y. 10022

PLANTS

Fairfield, Conn.
Mt. Vernon, N.Y.
El Monte (Los Angeles), Calif.
Attleboro Refining Div., Attleboro, Mass.

SERVICE BRANCHES/ SALES OFFICES

Attleboro, Mass.
Cleveland, Ohio
Dallas, Texas
Elk Grove Village (Chicago), Ill.
El Monte (Los Angeles), Calif.
New York, N.Y.
Southfield (Detroit), Mich.

SUBSIDIARIES/DIVISIONS

American Clad Metals, Inc., Pawtucket, R. I.
Bigelow Components Corporation, Springfield, N. J.
Carolina Tube Company, Inc., Salisbury, N. C.
Consolidated Tube Fabricating Corp., Waterbury, Conn.
Cranberry Magnetite Division of Greenback Industries, Cranberry, N. C.
Electric Thermometers Trinity, Inc., Bridgeport, Conn. (Owned jointly with Degussa, West Germany)
Greenback Industries, Inc., Greenback, Tenn.
Handy & Harman Metalsmiths Division, Orange, N. J.
Handy & Harman Tube Company, Inc., Norristown, Pa.
Hi-Alloys Division of Maryland Specialty Wire, Inc., Cockeysville, Md.
Ladek Metal Products Division of Lucas-Milhaupt, Inc., Oak Creek, Wisc.
Lucas-Milhaupt, Inc., Cudahy, Wisc.
Maryland Specialty Wire, Inc., Cockeysville, Md.
Pennsylvania Wire Rope Corporation, Williamsport, Pa.
Rathbone Corporation, Palmer, Mass.
Wire-Form, Inc., Milldale, Conn.

IN CANADA

Handy & Harman of Canada, Ltd., Toronto, Ont., and Montreal, Que.

IN ENGLAND

Rigby-Maryland (Stainless) Ltd., Heckmondwike, Yorkshire (Owned jointly with John Rigby & Sons, Ltd.)

PRODUCTS

Easy-Flo, Sil-Fos and other silver brazing alloys, in all forms
High temperature brazing alloys
Aluminum brazing alloy
Handy Fluxes for silver brazing
Fine silver and fine gold
Sterling silver
Karat golds and gold solders
Precious and non-precious clad metals
Gold and silver anodes
Silver powders, flakes and oxide
Silver contact alloys/sintered products
Non-ferrous powders
High purity copper, bronze, oxide powders
Dental golds and powders
Preforms, rings, stampings of ferrous and non-ferrous metals
Small diameter, precision drawn stainless steel, carbon steel and nickel alloy tubing
Formed tubing parts
Miniature components of ferrous and non-ferrous metals for electronic and electrical industries
Specialized stainless steel products
Stainless steel, monel, inconel, nickel alloy wire drawn to fine gauges
Wire rope and cable, automotive brake assemblies
Platinum thermocouple wire and platinum resistance thermometer sensors
Cold drawn profile shapes/pinion rods
High purity magnetite ore

SERVICES

Refining service for all forms of waste materials and scrap parts containing precious metals